

AO 91 (Rev. 08/09) Criminal Complaint

UNITED STATES DISTRICT COURT

for the
Southern District of Ohio

FILED
RICHARD W. NAGEL
CLERK OF COURT

6/23/20

United States of America

v.

NADINE CONSUELO JACKSON

Case No. 3:20MJ301

U.S. DISTRICT COURT
SOUTHERN DIST. OHIO
WEST. DIV. DAYTON

Defendant(s)

CRIMINAL COMPLAINT BY TELEPHONE OR OTHER RELIABLE ELECTRONIC MEANS

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of March 20, 2020 to May 20, 2020 in the county of Montgomery in the
Southern District of Ohio, the defendant(s) violated:

Code Section

Offense Description

18 U.S.C. § 1344(2)

Bank Fraud

18 U.S.C. § 1001(a)(2)

False Statement within the Jurisdiction of an Agency of the United States

This criminal complaint is based on these facts:

SEE ATTACHED AFFIDAVIT

☒ Continued on the attached sheet.

Shaun Thurston

Complainant's signature

Shaun Thurston, Special Agent, IRS-CI

Printed name and title

Sworn to before me and signed in my presence.

Date: June 23, 2020

City and state: DAYTON, OHIO

Sharon L. Ovington
Sharon L. Ovington
United States Magistrate Judge



AFFIDAVIT

I, Shaun Thurston, being duly sworn, declare and state as follows:

Introduction

1. I am a Special Agent with the Internal Revenue Services—Criminal Investigation (IRS-CI) and have been so employed for over fifteen years. My primary duties as an IRS-CI Special Agent include conducting criminal financial investigations of potential violations of Title 26 (Internal Revenue Code), Title 18 (Wire Fraud and Money Laundering), and Title 31 (Bank Secrecy Act) of the United States Code. Prior to becoming a Special Agent, I was a Criminal Investigator with the New York State Office of the Attorney General (NYSAG) Criminal Investigations Bureau/Organized Crime Task Force. My investigative training includes a BS in Economic Crime Investigation, an MS in Economic Crime Management, completion of the NYSAG's Police Academy certified by the New York State Municipal Training Council, and six months of training at the Federal Law Enforcement Training Center (FLETC). As an IRS-CI Special Agent and NYSAG Criminal Investigator, I have personally conducted and/or participated in numerous criminal financial investigations including the execution of search warrants.

2. I am working with a Special Agent from the Small Business Administration Office of Inspector General in this investigation.

3. The facts set forth in this affidavit are based upon my personal observations, my training and experience and information obtained from various law enforcement personnel and witnesses. This affidavit is intended to show merely that there is sufficient probable cause for the requested complaint and does not purport to set forth all of my knowledge of or investigation into this matter. Unless specifically indicated otherwise, all conversations and statements described in this affidavit are related in substance and in part only.

Purpose of Affidavit

4. This affidavit is made in support of a criminal complaint against, and arrest warrant for, NADINE CONSUELO JACKSON a.k.a. NADINE JACKSON for violations of 18 U.S.C. § 1344(2) (Bank Fraud) and 18 U.S.C. § 1001(a)(2) (False Statement within the Jurisdiction of an Agency of the United States). Title 18, United States Code, Section 1344(2) makes it a federal crime for anyone to knowingly execute and attempt to execute a scheme to obtain money, funds and property owned by, or under the custody and control of a financial institution by means of false and fraudulent pretenses, representations, and promises and by the omission of material facts. Title 18, United States Code, 1001(a)(2) makes it a federal crime for anyone to willfully and knowingly make a materially false, fictitious, and fraudulent statement and representation in a matter within the jurisdiction of the executive branch.

5. As set forth below, the investigation has revealed that NADINE CONSUELO JACKSON applied for loans guaranteed by the Small Business Administration designed to assist small businesses and their employees during the coronavirus pandemic. CONSUELO JACKSON fraudulently sought a \$1,315,491.12 and a \$1,236,817.00 forgivable loan guaranteed by the Small Business Administration by claiming to have dozens of employees earning wages at Extract LLC when, in truth and in fact, there were few to no employees working at Extract LLC. CONSUELO JACKSON submitted false tax documents in support of her fraud.

Paycheck Protection Program

6. The Coronavirus Aid, Relief, and Economic Security ("CARES") Act is a federal law enacted on March 27, 2020 designed to provide emergency financial assistance to the millions of Americans who are suffering the economic effects caused by the COVID-19 pandemic. One source of relief provided by the CARES Act was the authorization of up to \$349 billion in

forgivable loans to small businesses for job retention and certain other expenses through a program referred to as the Paycheck Protection Program (“PPP”). In or around April 2020, Congress authorized over \$300 billion in additional PPP funding.

7. The PPP allows qualifying small businesses and other organizations to receive loans with an interest rate of one percent. PPP loan proceeds must be used by the business on certain permissible expenses—payroll costs, interest on mortgages, rent, and utilities. The PPP allows the interest and principal on the PPP loan to be entirely forgiven if the business spends the loan proceeds on these expense items within a designated period of time (usually eight weeks of receiving the proceeds) and uses a certain percentage of the PPP loan proceeds on payroll expenses. The amount of PPP funds a business may receive is determined by multiplying its average monthly payroll costs incurred during a specified period (typically the one-year period before the date of the loan) by 2.5 months.¹

8. In order to obtain a PPP loan, a qualifying business must submit a PPP loan application, which is signed by an authorized representative of the business. The PPP loan application requires the business (through its authorized representative) to acknowledge the program rules and make certain affirmative certifications in order to be eligible to obtain the PPP loan. In the PPP loan application, the small business (through its authorized representative) must state, among other things, its: (a) average monthly payroll expenses; and (b) number of employees. These figures are used to calculate the amount of money the small business is eligible to receive under the PPP. In addition, businesses applying for a PPP loan must provide documentation, such

¹ The loan amount may be increased if the applicant is also refinancing an existing Economic Injury Disaster Loan with the PPP loan.

as IRS tax returns and payroll reports, to confirm they have in the past paid employees the compensation listed on the application.

9. The Small Business Administration oversees the PPP and has authority over all loans. Private approved lenders (most commonly, banks and credit unions) receive a PPP loan application and supporting documentation and process the PPP loan application. If a PPP loan application is approved, the participating financial institution funds the PPP loan using its own monies, which the Small Business Administration (SBA) guarantees 100 percent.

Extract LLC

10. According to records on file with the Ohio Secretary of State, Extract LLC is a domestic limited liability company established on or about March 1, 2016 with a current address of 425 N. Findlay St. Ste. 218, Dayton, OH 45404. NADINE CONSUELO JACKSON is the listed registered agent. Ohio Homeland Security provided licensee information for Extract LLC, which indicates that it is a licensed Class A Private Investigation and Security Service business. Ohio law requires people or companies offering security or investigation services to obtain a license. A Class A licensee must register any employees of their business with the state. The only listed employee for Extract LLC is NADINE JACKSON.

Extract LLC PPP Loan Application to First Home Bank

11. First Home Bank is a federally insured financial institution located in St. Petersburg, Florida and an approved small business administration lender. First Home Bank received a PPP loan application from Extract LLC on or about April 3, 2020. NADINE CONSUELO JACKSON signed the application. The application indicated that Extract LLC had 73 employees with an average monthly payroll of \$526,196.45, and calculated a loan of \$1,315,491.12. The application stated that NADINE CONSUELO JACKSON had 100 percent

ownership of Extract LLC. CONSUELO JACKSON answered “yes” to the question, “Is the Business or any owner an owner of any other business or have common management with any other business?” and listed Extract Effect.²

12. In support of the PPP Loan Application, NADINE CONSUELO-JACKSON supplied a Wage & Tax Report for Extract LLC created on April 3, 2020, covering January 1, 2020 to February 29, 2020. The document lists the business address of Extract LLC as 425 N. Findlay Street, Dayton, OH 45404. The report lists seventy-three employees with payroll wages totaling \$817,108.23.

13. NADINE CONSUELO JACKSON also supplied a personal unfiled/draft 2019 U.S. Individual Income Tax Return (FORM 1040). The supplied tax return indicates CONSUELO JACKSON is employed as an Investigator/Caregiver. The tax return shows business income of \$117,620.00. The included Schedule C indicates CONSUELO JACKSON is the proprietor of a Private Investigation/Security & Information Technology business named Extract LLC. The Schedule C reported \$5,936,730.00 in gross receipts with employee wages totaling \$5,685,260.00.

14. On Extract LLC’s PPP loan application, CONSUELO JACKSON certified that “the information provided in this application and the information that I have provided in all supporting documents and forms is true and accurate.” CONSUELO JACKSON also acknowledged that “the lender will calculate the eligible loan amount using tax documents I have submitted. I affirm that these tax documents are identical to those I submitted to the IRS.”

² According to records on file with the Ohio Secretary of State, Extract Effect is a domestic non-profit corporation with a registered agent of NADINE JACKSON. The articles of incorporation were filed on March 12, 2019. According to public records from the IRS.gov website, Extract Effect, EIN 83-2099229, is listed with the IRS on FORM 990-N as a tax-exempt organization for tax year 2019 and is not required to file Form 990 or 990-EZ as an organization whose gross receipts are normally below \$50,000 or less. NADINE JACKSON is listed as the principal officer located at 425 N. Findlay Street, Ste. 218, Dayton, OH 45404.

15. On May 6, 2020, First Home Bank reduced the loan application because CONSUELO-JACKSON only provided two months' worth of payroll information along with an unfiled draft 2019 tax return. First Home Bank extrapolated the total annual payroll based on the two months provided and reduced the requested loan amount. First Home Bank approved the loan for \$1,021,300.00 and emailed CONSUELO JACKSON asking if she wanted the amount processed. Upon receiving CONSUELO JACKSON's answer, First Home Bank wired the money to CONSUELO-JACKSON's Extract LLC account at River Valley Credit Union in Dayton, Ohio.

16. On May 11, 2020, River Valley Credit Union noticed the \$1,021,300.00 wire to NADINE CONSUELO JACKSON's Extract LLC account. Because the account had no deposits similar to the loan, River Valley Credit Union contacted law enforcement and First Home Bank. First Home Bank recalled the full amount of the PPP loan.

Extract LLC PPP Loan through WebBank

17. WebBank is a federally insured financial institution located in Salt Lake City, Utah and an approved small business administration lender. WebBank, through PayPal, received a PPP loan application from Extract LLC on or about April 20, 2020. NADINE CONSUELO JACKSON signed the application. The application indicated that Extract LLC had 73 employees with an average monthly payroll of \$494,727.00, less than the amount listed on the PPP loan application filed with First Home Bank. The PPP loan application sought a loan of \$1,236,817.00. The application stated that NADINE CONSUELO JACKSON had 100 percent ownership of Extract LLC. CONSUELO JACKSON answered "no" to the question, "Is the Applicant or any owner of the Applicant an owner of any other business or have common management with any other business?," contrary to the prior application.

18. NADINE CONSUELO JACKSON supplied the same unfiled draft 2019 U.S. Individual Income Tax Return (FORM 1040). The tax return indicated CONSUELO JACKSON was employed as an Investigator/Caregiver at Extract LLC with a business income of \$117,620.00. The Schedule C reported \$5,936,730.00 in gross receipts and employee wages totaling \$5,685,260.00. CONSUELO JACKSON supplied the same Wage & Tax Report for Extract LLC given to First Home Bank. The report lists 73 employees with payroll wages totaling \$817,108.23.

19. On Extract LLC's PPP loan application with WebBank, CONSUELO JACKSON certified that "the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects." CONSUELO JACKSON also acknowledged that "the lender will confirm the eligible loan amount using required documents submitted."

20. WebBank approved the loan for \$1,236,817.00 on or about May 27, 2020. WebBank sent a wire for \$1,236,817.00 to NADINE CONSUELO JACKSON's Extract LLC account at River Valley Credit Union. River Valley Credit Union informed law enforcement. A seizure warrant was obtained to seize the money.

Tax Returns Filed by NADINE CONSUELO JACKSON

21. NADINE CONSUELO JACKSON filed a Form 1040 tax return for 2019 with the IRS on March 25, 2020, almost two weeks before she applied for the two above listed PPP loans. She digitally signed it. She listed her occupation as investigator/caregiver. The tax return shows wages of \$12,003.00 and business loss of \$-640. The included Schedule C indicates CONSUELO-JACKSON is the proprietor of a Private Investigation/Security & Information Technology business named Extract LLC. The Schedule C reported \$108,150.00 in gross receipts and

employee wages totaling \$12,000.00. These statements directly contradict the tax return documents provided in support of both PPP loans for Extract LLC.

Economic Injury Disaster Loan Application

22. On March 29, 2020, the Small Business Administration received an Economic Injury Disaster Loan application from Extract LLC. The application indicated Extract LLC had a gross revenue of \$108,050 for the twelve months “prior to the date of the disaster” and eight employees. The application was affirmed under penalties of perjury by NADINE CONSUELO JACKSON. The Small Business Administration authorized a loan in the amount of \$46,100.00 with a 3.75 percent annual interest rate on or about April 22, 2020.³ Upon receipt of the money in Extract LLC’s River Valley Credit Union account, CONSUELO JACKSON forwarded the money in one \$7,979.70 wire and four \$10,000 wires to another bank. A seizure warrant was obtained to seize the money.

Employees of Extract LLC

23. As previously noted, NADINE CONSUELO JACKSON listed no other employees of Extract LLC with the Ohio Homeland Security. Investigators reached out to employees listed on the Wage & Tax Report in support of the PPP applications made to loan. Witness A, B, C, and D all stated they had not been employed by Extract LLC in January or February 2020. Witness A, B, and C were not familiar with Extract LLC or Extract Effect LLC. Witness D knew the business Extract LLC and identified it as being run by NADINE JACKSON. Further, a review of NADINE CONSUELO JACKSON’s Extract LLC account at River Valley Credit Union shows no large monthly payments to numerous employees.

³ EXTRACT LLC received an \$8,000 advance under the Economic Injury Disaster Loan program on April 14, 2020.

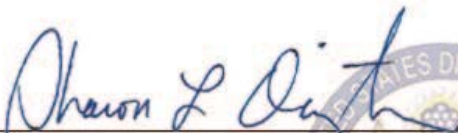
Conclusion

24. Based on the foregoing, there is probable cause to believe that NADINE CONSUELO JACKSON did knowingly execute and attempt to execute a scheme to obtain money, funds and property owned by, or under the custody and control of a financial institution, by means of false and fraudulent pretenses, representations and promises in violation of 18 U.S.C. § 1344(2); and did knowingly and willfully make a materially false, fictitious, and fraudulent statement and representation in a matter within the jurisdiction of the executive branch, here the Small Business Administration in violation of 18 U.S.C. § 1001(a)(2).



Shaun Thurston
Special Agent, IRS-CI

Sworn to and subscribed before me on this 23 day of June, 2020.



Sharon L. Ovington
United States Magistrate Judge

